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Paul H. Schafhauser (PS - 1337)  
John M. August (JA - 6451)  
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Newark, New Jersey 07102  
(973) 274-2000  
Attorneys for Defendant JPMorgan Chase Bank, N.A.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

MERRILL LYNCH BUSINESS FINANCIAL  
SERVICES, INC.,

Plaintiff,

v.

ARTHUR KUPPERMAN, E. ROSS BROWNE,  
PAULETTE KRELMAN, PGB  
INTERNATIONAL, LLC, and JPMORGAN  
CHASE BANK, N.A.,

Defendants,

and

JOHN DOES (1-10) and ABC CORPORATIONS  
(1-10),

Additionally Defendants  
on the Crossclaim.

CIVIL ACTION

Civil Action No. 06-4802 (DMC)

**SECOND SUPPLEMENTAL  
DECLARATION OF JOHN M.  
AUGUST IN SUPPORT OF CROSS-  
MOTION OF DEFENDANT  
JPMORGAN CHASE BANK, N.A  
FOR PARTIAL SUMMARY  
JUDGMENT AND RELATED  
RELIEF**

**JOHN M. AUGUST** declares as follows pursuant to 28 U.S.C. § 1746:

1. I am an associate with the law firm of Herrick, Feinstein LLP ("HF"), attorneys for defendant JPMorgan Chase Bank, N.A. ("Chase") in the above matter. I make this second supplemental declaration in further support of Chase's Cross-Motion for summary judgment against defendants PGB International, LLC ("PGB"), Arthur Kupperman ("Kupperman"), E. Ross Browne ("Browne"), and Paulette Krelman ("Krelman").

2. Attached hereto as Exhibit A is a true copy of the Affidavit of Sy Helderman (the "Helderman Affidavit"). It is my understanding that Mr. Helderman is an owner of Sy Helderman & Company ("SHC").

3. As is obvious from a review of the Helderman Affidavit, the Accountants' Review Report, dated January 6, 2005 (the "January 2005 Report") and the Accountants' Review Report, dated December 21, 2005 (the "December 2005 Report"), both provided to Chase in connection with the Loan, are forgeries. PGB's provision of these forged reports to Chase in connection the Loan is further evidence of bank fraud, a RICO violation.

4. A review of the attached documents will demonstrate that there is a stark difference between the numbers on the fraudulent financial statements that PGB provided to Chase and the numbers on the financial statements provided to SHC. A balance sheet dated September 30, 2005, which PGB provided to SHC (see Helderman Affidavit, Exh. C, SH00127 and SH00128), shows accounts receivable as of that date of \$1,011,960.78 and total assets of \$2,516,733.95. On the contrary, the balance sheet dated September 30, 2005, which is included in the December 2005 Report that PGB provided to Chase (see Helderman Affidavit, Exh. B), shows accounts receivable of \$9,346,248.00 and total assets of \$10,575,866.00. The numbers on the financial statements provided to SHC are closer to the less than \$1,700,000.00 in current accounts receivable revealed by Israel Rodriguez's examination of PGB's books and records. See Declaration of Israel A. Rodriguez, dated January 4, 2007 and submitted to the Court along with Chase's reply papers.

5. PGB's fraud is further evidenced by the balance sheet dated March 31, 2006 that PGB provided to SHC (see Helderman Affidavit, Exh. D, SH00704 and SH00705), which shows accounts receivable as of that date of \$1,148,170.61 and total assets of

\$2,953,678.79. Compare to this the balance sheet dated March 31, 2006 that PGB provided to Chase, which shows accounts receivable of \$8,983,484.00 and total assets of \$11,363,473.00. The balance sheet dated March 31, 2006 that PGB provided to Chase is attached hereto as Exhibit B.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 23, 2007

/s/ John M. August  
John M. August

**EXHIBIT A**  
**TO SECOND SUPPLEMENTAL**  
**DECLARATION OF JOHN M. AUGUST**

HERRICK, FEINSTEIN LLP  
Paul H. Schafhauser (PS - 1337)  
John M. August (JA - 6451)  
One Gateway Center  
Newark, New Jersey 07102  
(973) 274-2000  
Attorneys for Defendant JPMorgan Chase Bank, N.A.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

MERRILL LYNCH BUSINESS FINANCIAL  
SERVICES, INC.,

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ARTHUR KUPPERMAN, E. ROSS BROWNE,  
PAULETTE KRELMAN, PGB  
INTERNATIONAL, LLC, and JPMORGAN  
CHASE BANK, N.A.,

Defendants,

and

JOHN DOES (1-10) and ABC CORPORATIONS  
(1-10),

Additionally Defendants  
on the Crossclaim.

CIVIL ACTION

Civil Action No. 06-4802 (DMC)

**AFFIDAVIT OF SY HELDERMAN**

STATE OF NEW JERSEY    )  
                                      ) SS:  
COUNTY OF MORRIS     )

I, SY HELDERMAN, of full age, being duly sworn, hereby deposes and says:

1.     I am a CPA and an owner of Sy Helderman & Company ("SHC"). I have  
personal knowledge of the facts stated herein.

2. I am in receipt of two reports, one entitled Accountants' Review Report to the Board of Managers of PGB International LLC, dated January 6, 2005 and attached hereto as Exhibit A (the "January 2005 Report"), and a second entitled Accountants' Review Report to the Board of Managers of PGB International LLC, dated December 21, 2005 and attached hereto as Exhibit B (the "December 2005 Report", and collectively with the January 2005 Report, the "Reports"). The Reports were purportedly issued by an entity referred to as "Sy Helderman & Company".

3. Neither the January 2005 Report nor the December 2005 Report were prepared by SHC or anyone at the direction of SHC. SHC has no records of the Reports in its files.

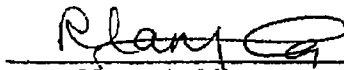
4. SHC's files do contain a document entitled Independent Accountant's Report On Applying Agreed-Upon Procedures, dated December 6, 2005 (the "December 2005 Agreed-Upon Procedures Report"). The work papers related to the December 2005 Agreed-Upon Procedures Report contain a balance sheet as of September 20, 2005 and an income statement for the 12 months ending September 20, 2005. The balance sheet and income statement were provided to SHC by representatives of PGB International, LLC ("PGB"). A copy of the December 2005 Agreed-Upon Procedures Report and the balance sheet and income statement are attached hereto as Exhibit C.

5. SHC's files also contain a document entitled Independent Accountant's Report On Applying Agreed-Upon Procedures, dated June 29, 2006 (the "June 2006 Agreed-Upon Procedures Report"). The work papers related to the June 2006 Agreed-Upon Procedures Report contain a balance sheet as of March 31, 2006 and an income statement for the 10 months ending March 31, 2006. The balance sheet and income statement were provided to SHC by

representatives of PGB. A copy of the June 2006 Agreed-Upon Procedures Report and the balance sheet and income statement are attached hereto as Exhibit D.

  
Sy Helderman

Sworn to before me this  
23 day of JANUARY, 2007

  
Notary Public

Ruth A. Laryea  
Notary Public, State of New Jersey  
My Commission Expires Jun. 10 2010

## EXHIBIT A



**SY HELDERMAN  
& COMPANY**

*Certified Public Accountants*

*Sy Helderman, CPA, MBA  
Alison C. Cugin, CPA*

*New Jersey Society of  
Certified Public Accountants  
American Institute of  
Certified Public Accountants*

**Accountants' Review Report**

**Board of Managers  
PGB International LLC**

We have reviewed the accompanying balance sheet of PGB International LLC as of September 30, 2004 and the related statements of income and retained earnings, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the Company's management.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The accompanying supplementary information contained on page 8 is presented for the purpose of additional analysis. Such information has not been subjected to the same inquiries and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of the management of the Company, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.



January 6, 2005  
Morristown, New Jersey

PGB INTERNATIONAL LLC  
Balance Sheet  
September 30, 2004

Current assets:	
Cash	\$86,198
Accounts receivable	
Direct sales	6,696,242
Indirect sales	209,834
Other accounts receivable	262,896
Inventory	567,298
Prepaid expenses	<u>36,781</u>
Total current assets	7,859,249
Equipment	53,693
Goodwill	<u>500,000</u>
Total assets	<u>\$8,412,942</u>
Current liabilities:	
Credit lines payable	\$1,662,459
Accounts payable	3,226,881
Accrued expenses	<u>681,903</u>
Total current liabilities	5,571,243
Subordinated loans	<u>542,748</u>
Total liabilities	<u>6,113,991</u>
Stockholder equity	
Capital stock	15,000
Additional paid in capital	2,039,185
Retained earnings	<u>244,766</u>
Total stockholder equity	<u>2,298,951</u>
Total liabilities and equity	<u>\$8,412,942</u>

See accountants' review report

**PGB INTERNATIONAL LLC**  
**Statement of Income and Retained Earnings**  
**For the Year Ended September 30, 2004**

Sales	
Direct	\$49,785,362
Brokered	<u>5,735,179</u>
Total sales	<u>55,520,541</u>
Cost of sales	
Direct	47,416,789
Brokered	<u>5,527,316</u>
Total cost of sales	<u>52,944,105</u>
Operating income	2,576,436
Selling, general, and administrative expenses	<u>2,551,897</u>
Income before provision for taxes	24,539
Provision for taxes on income	<u>1,690</u>
Net income	22,849
Retained earnings - beginning	<u>221,917</u>
Retained earnings - ending	<u>\$244,766</u>

See accountants' review report

PGB INTERNATIONAL LLC  
Statement of Cash Flows  
For the Year Ended September 30, 2004

Cash flows from operating activities:	
Net income	<u>\$22,849</u>
Adjustments to reconcile net income to net cash from operating activities	
Depreciation and amortization	60,434
(Increase) in:	
Accounts receivable	(1,386,830)
Inventory	(75,535)
Prepaid expenses and other current assets	(9,145)
Increase in:	
Accounts payable	1,928,198
Accrued expenses	<u>105,858</u>
Total adjustments	<u>612,980</u>
Cash flow from operations	<u>635,829</u>
Cash flows from financing activities:	
Net (decrease) in credit lines payable	(1,073,868)
Contributions to additional paid in capital	<u>500,000</u>
Cash flow used in financing activities	<u>(573,868)</u>
Net change in cash	61,961
Cash - beginning	<u>24,237</u>
Cash - ending	<u>\$86,198</u>
Supplemental disclosures of cash paid:	
Interest	<u>\$158,259</u>

PGB International LLC  
Notes to Financial Statements

**Note 1 - Organization**

The company was incorporated in October 2001 to acquire the net assets of G.B. International, Inc. and simultaneously acquire accounts receivable, inventory and the goodwill of the PITTRA division of Camerican International, Inc.

In connection with the acquisitions, the amounts paid in excess of the net book value have been recorded as goodwill.

**Note 2 - Summary of significant accounting policies**

*Operations*

PGB International LLC (the "Company") is an importer and distributor of fruit juice concentrates and other items for industrial food production. The company imports the concentrates from countries in Europe, Asia, Africa, and South America. Distribution of the concentrates is principally to companies located throughout the United States. Credit is granted to substantially all customers, the majority of whom are in the juice industry.

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Revenue Recognition*

Revenue is recognized upon shipment to customers.

*Inventory*

Inventory, consisting primarily of fruit juice concentrates, is stated at the lower of cost (determined on a specific identity basis) or market.

*Furniture and Equipment*

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets as follows:

Equipment	Declining balance	5 year estimated useful life
Furniture	Declining balance	5 -10 year estimated useful life

PGB International LLC  
Notes to Financial Statements

Note 3 - Concentration of Cash Balances

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and equivalents.

Note 4 - Prepaid Expense and Other Current Assets

	<u>2004</u>
Prepaid insurance	\$32,031
Prepaid - miscellaneous	<u>4,750</u>
Total	<u>\$36,781</u>

Note 5 - Furniture and equipment

	<u>2004</u>
Equipment	\$67,409
Furniture	<u>8,750</u>
Total	76,159
Accumulated depreciation	<u>22,466</u>
Net furniture and equipment	<u>\$53,693</u>

Note 6 - Credit lines payable

On November 27, 2002, the Company entered into a credit line facility with an initial credit line in the initial amount of \$2,250,000, and subsequently increased to \$3,750,000. Borrowings on the credit line are based on 80% of the eligible accounts receivable.

The credit line bears interest at the London Interbank Offering Rate (LIBOR) plus 3.15%. The initial term of the credit facility is one year. The credit facility is personally guaranteed by the stockholders of the Company.

In addition, a credit line of \$400,000 was granted to the Company in January 2004 by a bank. Such credit line is guaranteed by the stockholders of the Company and is secured by general assets of the company.

Note 7 - Operating leases

The Company leases office space in New Jersey at a monthly rate of approximately \$3,770. The lease is for a period of 5 years expiring on December 31, 2008.

The Company has other operating leases for transportation vehicles and office equipment. The lease expenses in connection with these operating leases were approximately \$28,000 for the year ended September 30, 2004. These leases expire at various times through October 2006.

PGB International LLC  
Notes to Financial Statements

**Note 8 - Income Taxes**

The provision for income taxes differs from the amount expected using statutory rates because of permanent differences (officers's life insurance, entertainment expenses, etc.), state taxes, and other timing differences.

**Note 9 - Commitments**

As of September 20, 2004 the Company had no open letters of credit.

**Note 10 - Retirement Plan**

The Company maintains a 401(K) profit-sharing plan ("Plan"). Employees become eligible to participate in the Plan after completing nine months of continuous service for the Company. The Company, at its discretion, can make a contribution not exceeding 5% of the employees' salaries. For the year ended September 30, 2004 the contribution expense was approximately \$37,600.

**Note 11 - Subsequent Event**

In October 2004 the company obtained a credit facility from a bank to replace the credit facilities as mentioned in Note 6. The new credit facility is in the amount of \$2,500,000 and is for an initial term of six months. The interest rate on borrowings is based on, at the option of the Company, prime rate plus 2.75% or the London Interbank Offering Rate plus 2.75%. The credit facility is secured by substantially all assets of the Company and is guaranteed by the stockholders.

On October 1, 2004, the company sold a segment of its business to an unrelated company. The proceeds of the sale were used to pay down the credit facility and provide general working capital to the Company. The segment sold represented approximately 6% of the direct sales of the Company and provided approximately 5% of the gross profits earned by the Company. The sale of this segment of the business will allow the Company to devote more of its resources to the continuing development of the core business.

PGB International LLC  
Selling, general, and administrative expenses  
For the year ended September 30, 2004

Officers salaries	\$1,147,690
Office salaries	568,237
Payroll taxes	90,124
Employee benefits	111,677
Rent	51,030
Utilities	10,078
Telephone	24,264
Insurance	121,686
Travel and entertainment	93,228
Dues and subscriptions	20,101
Office equipment rental	7,814
Office equipment maintenance	4,605
General office expenses	22,426
Postage	5,374
Professional fees	34,000
Courier services	27,244
Laboratory fees	15,921
Interest expense	158,259
Depreciation	3,150
Bank charges	<u>34,989</u>
	<u>\$2,551,897</u>



## EXHIBIT B

**SY HELDERMAN  
& COMPANY**  
*Certified Public Accountants*

*Sy Helderman, CPA, MBA  
Alison C. Cogan, CPA*

*New Jersey Society of  
Certified Public Accountants  
American Institute of  
Certified Public Accountants*

December 21, 2005

**Accountants' Review Report**

**Board of Managers  
PGB International LLC**

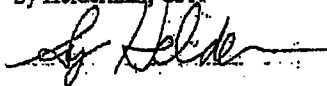
We have reviewed the accompanying balance sheets of PGB International LLC as of September 30, 2005 and 2004 and the related statements of income and retained earnings, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the Company's management.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The accompanying supplementary information contained on page 8 is presented for the purpose of additional analysis. Such information has not been subjected to the same inquiries and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of the management of the Company, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

*Sy Helderman, CPA*



PGB INTERNATIONAL LLC  
Balance Sheets  
September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current assets:		
Cash	\$90,178	\$86,198
Accounts receivable		
Direct sales	9,346,248	6,696,242
Indirect sales	152,190	209,834
Other accounts receivable	214,871	262,896
Inventory	728,190	567,298
Prepaid expenses	<u>44,189</u>	<u>36,781</u>
Total current assets	10,575,866	7,859,249
Equipment	43,459	53,693
Goodwill	<u>500,000</u>	<u>500,000</u>
Total assets	<u>\$11,119,325</u>	<u>\$8,412,942</u>
Current liabilities:		
Credit lines payable	\$2,500,000	\$1,662,459
Accounts payable	4,238,912	3,226,881
Accrued expenses	<u>783,271</u>	<u>681,903</u>
Total current liabilities	7,522,183	5,571,243
Subordinated loans	<u>542,748</u>	<u>542,748</u>
Total liabilities	<u>8,064,931</u>	<u>6,113,991</u>
Stockholder equity		
Capital stock	15,000	15,000
Additional paid in capital	2,739,185	2,039,185
Retained earnings	<u>300,209</u>	<u>244,766</u>
Total stockholder equity	<u>3,054,394</u>	<u>2,298,951</u>
Total liabilities and equity	<u>\$11,119,325</u>	<u>\$8,412,942</u>

See accountants' review report

**PGB INTERNATIONAL LLC**  
**Statements of Income and Retained Earnings**  
**For the Years Ended September 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Sales		
Direct	\$53,987,193	\$49,785,362
Brokered	<u>1,987,204</u>	<u>5,735,179</u>
Total sales	<u>55,974,397</u>	<u>55,520,541</u>
Cost of sales		
Direct	50,812,746	47,416,789
Brokered	<u>1,907,723</u>	<u>5,527,316</u>
Total cost of sales	<u>52,720,469</u>	<u>52,944,105</u>
Operating income	3,253,928	2,576,436
Selling, general, and administrative expenses	<u>3,196,383</u>	<u>2,551,897</u>
Income before provision for taxes	57,545	24,539
Provision for taxes on income	<u>2,102</u>	<u>1,690</u>
Net income	55,443	22,849
Retained earnings - beginning	<u>244,766</u>	<u>221,917</u>
Retained earnings - ending	<u>\$300,209</u>	<u>\$244,766</u>

See accountants' review report

PGB INTERNATIONAL LLC  
Statements of Cash Flow  
For the Years Ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net income	\$55,443	\$22,849
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	10,234	50,434
(Increase) in:		
Accounts receivable	(2,544,337)	(1,386,830)
Inventory	(160,892)	(75,535)
Prepaid expenses and other current assets	(7,408)	(9,145)
Increase in:		
Accounts payable	1,012,031	1,928,198
Accrued expenses	101,368	105,858
Total adjustments	(1,589,004)	612,980
Cash flow provided by (used in) operations	(1,533,561)	635,829
Cash flows from financing activities:		
Net increase (decrease) in credit lines payable	837,541	(1,073,868)
Contributions to additional paid in capital	700,000	500,000
Cash flow provided by (used in) financing activities	1,537,541	(573,868)
Net increase in cash	3,980	61,961
Cash - beginning	86,198	24,237
Cash - ending	\$90,178	\$86,198
Supplemental disclosures of cash paid:		
Interest	\$130,781	\$158,259

See accountants' review report

PGB International LLC  
Notes to Financial Statements

Note 1 - Organization

The company was incorporated in October 2001 to acquire the net assets of G.B. International, Inc. and simultaneously acquire accounts receivable, inventory and the goodwill of the PITTRA division of Camerican International, Inc.

In connection with the acquisitions, the amounts paid in excess of the net book value have been recorded as goodwill.

Note 2 - Summary of significant accounting policies

*Operations*

PGB International LLC (the "Company") is an importer and distributor of fruit juice concentrates and other items for industrial food production. The company imports the concentrates from countries in Europe, Asia, Africa, and South America. Distribution of the concentrates is principally to companies located throughout the United States. Credit is granted to substantially all customers, the majority of whom are in the juice industry.

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Revenue Recognition*

Revenue is recognized upon shipment to customers.

*Inventory*

Inventory, consisting primarily of fruit juice concentrates, is stated at the lower or cost (determined on a specific identity basis) or market.

*Furniture and Equipment*

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets as follows:

Equipment	Declining balance	5 year estimated useful life
Furniture	Declining balance	5 -10 year estimated useful life

PGB International LLC  
Notes to Financial Statements

Note 3 - Concentration of Cash Balances

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and equivalents.

Note 4 - Prepaid Expense and Other Current Assets

	<u>2005</u>	<u>2004</u>
Prepaid insurance	\$36,901	\$32,031
Prepaid miscellaneous	<u>7,288</u>	<u>4,750</u>
Total	<u>\$44,189</u>	<u>\$36,781</u>

Note 5 - Furniture and equipment

	<u>2005</u>	<u>2004</u>
Equipment	\$67,409	\$67,409
Furniture	<u>8,750</u>	<u>8,750</u>
	76,159	76,159
Accumulated depreciation	<u>32,700</u>	<u>22,466</u>
Net furniture and equipment	<u>\$43,459</u>	<u>\$53,693</u>

Note 6 - Credit lines payable

In October 2004 the Company obtained a credit facility from a bank in the amount of \$2,500,000. The interest rate on borrowings is based on, at the option of the Company, prime rate plus 2.75% or the London Interbank Offering Rate plus 2.75%. The credit facility is secured by substantially all assets of the Company and is guaranteed by the stockholders.

Note 7 - Operating leases

The Company leases office space in New Jersey at a monthly rate of approximately \$3,770. The lease is for a period of 5 years expiring on December 31, 2008.

The Company has other operating leases for transportation vehicles and office equipment. The lease expenses in connection with these operating leases were approximately \$28,000 for the year ended September 30, 2004. These leases expire at various times through October 2006.

PGB International LLC  
Notes to Financial Statements

**Note 8 - Income Taxes**

The provision for income taxes differs from the amount expected using statutory rates because of permanent differences (officers's life insurance, entertainment expenses, etc.), state taxes, and other timing differences.

**Note 9 - Commitments**

As of September 20, 2005 the Company had no open letters of credit.

**Note 10 - Retirement Plan**

The Company maintains a 401(K) profit-sharing plan ("Plan"). Employees become eligible to participate in the Plan after completing nine months of continuous service for the Company. The Company, at its discretion, can make a contribution not exceeding 5% of the employees' salaries. For the years ended September 30, 2005 and 2004 the contribution expense was approximately \$40,100 and \$37,600, respectively.

**Note 11 - Subsequent event**

The credit facility from the bank was temporarily increased by an additional facility of \$500,000 to \$3,000,000 under the same conditions as the primary facility. This temporary increase expires on January 31, 2006.



PGB International LLC  
Selling, general, and administrative expenses  
For the years ended September 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Officers salaries	\$1,698,708	\$1,147,690
Office salaries	593,767	568,237
Payroll taxes	101,893	90,124
Employee benefits	136,781	111,677
Rent	45,240	51,030
Utilities	8,278	10,078
Telephone	17,891	24,264
Insurance	134,189	121,686
Travel and entertainment	135,681	93,228
Dues and subscriptions	28,901	20,101
Office equipment rental	11,783	7,814
Office equipment maintenance	4,605	4,605
General office expenses	26,561	22,426
Postage	6,190	5,374
Professional fees	40,000	34,000
Courier services	31,778	27,244
Laboratory fees	18,561	15,921
Interest expense	130,781	158,259
Depreciation	10,234	3,150
Bank charges	<u>14,561</u>	<u>34,989</u>
 Total	 <u>\$3,196,383</u>	 <u>\$2,551,897</u>

## EXHIBIT C

# SY HELDERMAN & COMPANY

Certified Public Accountants

Sy Helderman, CPA, MBA  
Alison C. Cogan, CPA

New Jersey Society of  
Certified Public Accountants  
American Institute of  
Certified Public Accountants

## Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Management of PGB International LLC:

We have performed the procedures enumerated below, which were agreed to by the management of PGB International LLC, solely to assist you in evaluating the accounting procedures for the quarter ended September 30, 2005. PGB International LLC's management is responsible for the accounting procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the quarter ended September 30, 2005, we performed the following procedures:

Discussed the general business transactions for the quarter with management.

Observed the PeachTree system for correct classification of transactions on a random sample basis.

Analyzed the bank reconciliations for two bank accounts as of September 30, 2005.

Traced a sample of purchase and sale transactions to source documents.

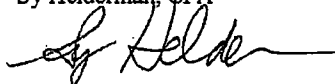
As a result of the procedures listed above, we find that the PeachTree accounting system at PGB International LLC accurately reflects the business transactions tested during the quarter ended September 30, 2005. In addition, we noted the following:

The bank reconciliations and all cash transactions are performed by one person. It is recommended that a second member of the company open the bank statements and review the transactions for reasonableness.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accounting procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of PGB International LLC, and is not intended to be and should not be used by anyone other than these specified parties.

Sy Helderman, CPA



December 6, 2005

SH 00123



S-CAP-5

printed 11/15/06

PGB International LLC  
Balance Sheet  
September 30, 2005

ASSETS

Current Assets		
Cash-JP Morgan Chase	\$ 2,516.90	
Cash - Merrill Lynch	226.90	
Petty Cash	250.00	
Accounts receivable	977,616.57	
A/R-Mitsui North America	34,344.21	
Inventory - afloat	510,579.38	
Inventory - CGM Warehouse	397.52	
Inventory - Star Bet	9,453.29	
Inventory-Legends Warehouse	28,360.27	
Inventory - Cantrina	13,867.08	
Inventory - Newark Refrigerate	26,916.81	
Inventory - East Coast	97,994.79	
Inventory-Ashland Cold Store	32,791.95	
Prepaid insurance	15,653.75	
Prepaid expenses-other	129,516.89	
Claims receivable	20,785.20	
Duty refunds receivable	4,562.97	
Deferred expense-soup project	1,500.00	
Deferred expense-GJC project	13,282.26	
Exchanges	216,781.47	
Due to/from Ivory & Ledoux	3,273.74	
Due to/from PITRA G.B.	376,062.00	
Total Current Assets		2,516,733.95
Property and Equipment		
Furniture and equipment	19,059.75	
Total Property and Equipment		19,059.75
Other Assets		
Goodwill	300,000.00	
Total Other Assets		300,000.00
Total Assets	\$	<u>2,835,793.70</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable-expenses	\$ 296,276.05	
Line of Credit-JP Morgan Chase	2,500,000.00	
Customer advances	9,300.00	
Total Current Liabilities		2,805,576.05
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		2,805,576.05
Capital		
Equity	100,000.00	
Retained earnings	(162,632.88)	

Unaudited - For Management Purposes Only

SH 00127

PGB International LLC  
Balance Sheet  
September 30, 2005

Net Income	<u>92,850.53</u>	
Total Capital		<u>30,217.65</u>
Total Liabilities & Capital	\$	<u>2,835,793.70</u>

PGB International LLC  
Income Statement  
For the Four Months Ending September 30, 2005

	Current Month		Year to Date	
Revenues				
Sales	\$ 2,150.40	0.02	\$ 2,150.40	0.07
Sales - Juice Concentrates	7,341,582.29	80.28	2,645,557.42	80.30
Sales-Essences/Oils	173,841.92	1.90	30,726.08	0.93
Sales-Pulps/purees	559,298.13	6.12	124,409.70	3.78
Sales-Pulp cells	93,874.62	1.03	24,852.20	0.75
Sales-Frozen fruit	418,704.91	4.58	253,606.29	7.70
Sales-Dried fruit	72,278.86	0.79	34,973.64	1.06
Sales-Frozen vegetables	280,484.57	3.07	178,167.04	5.41
Sales - through Mitsui	178,027.41	1.95	0.00	0.00
Sales - Ivory & Ledoux	24,729.12	0.27	0.00	0.00
<b>Total Revenues</b>	<b>9,144,972.23</b>	<b>100.00</b>	<b>3,294,442.77</b>	<b>100.00</b>
Cost of Sales				
Purchases	333,689.41	3.65	451,149.00	13.69
Cost of Sales-through Mitsui	158,952.59	1.74	0.00	0.00
Cost of Sales-Juice Concentrat	5,405,243.44	59.11	1,946,631.11	59.09
Cost of Sales-through Ivory	23,492.66	0.26	0.00	0.00
Cost of Sales-Essences/oils	159,617.68	1.75	0.00	0.00
Cost of Sales-Pulps/Purees	367,100.60	4.01	68,861.74	2.09
Cost of Sales-Pulp cells	77,390.36	0.85	0.00	0.00
Cost of Sales-Frozen Fruit	367,987.13	4.02	178,222.37	5.41
Cost of Sales-Dried fruit	64,091.25	0.70	0.00	0.00
Cost of Sales-Frozen Veget	203,711.20	2.23	98,789.78	3.00
Cost of sales-Frozen mushrooms	47,177.00	0.52	0.00	0.00
Purchase discounts	(15,424.46)	(0.17)	(5,598.08)	(0.17)
Vendor reject chargebacks	2,181.32	0.02	2,181.32	0.07
Ocean freight	256,066.39	2.80	54,673.84	1.66
Ocean freight handling charge	4,348.40	0.05	2,143.95	0.07
Demurrage	9,094.12	0.10	285.17	0.01
Duty	330,034.06	3.61	71,855.51	2.18
Customs clearance fees	33,596.80	0.37	11,730.62	0.36
Exam and entry fees	720.64	0.01	720.64	0.02
Trucking and delivery	252,061.16	2.76	88,654.26	2.69
Warehouse entry and storage	59,192.65	0.65	14,339.00	0.44
Pallets	1,473.04	0.02	623.54	0.02
Purchase agent commission	110,157.45	1.20	(21,987.20)	(0.67)
Insurance	20,670.62	0.23	5,466.68	0.17
Sales commissions	36,683.70	0.40	17,248.43	0.52
Courier services-doc delivery	3,525.91	0.04	1,396.23	0.04
<b>Total Cost of Sales</b>	<b>8,312,835.12</b>	<b>90.90</b>	<b>2,987,387.91</b>	<b>90.68</b>
<b>Gross Profit</b>	<b>832,137.11</b>	<b>9.10</b>	<b>307,054.86</b>	<b>9.32</b>
Expenses				
Salaries-Executives	337,994.81	3.70	82,500.00	2.50
Salaries - sales	75,881.44	0.83	25,200.00	0.76
Salaries-Office	52,795.81	0.58	17,675.00	0.54
Salaries-Traffic	52,663.32	0.58	17,875.00	0.54
Payroll tax expense-FICA	37,103.58	0.41	13,490.69	0.41
Payroll tax expense-SUI/DBI	4,939.78	0.05	283.51	0.01
Payroll tax expense-FUI	336.02	0.00	0.00	0.00
Group health coverage	19,266.18	0.21	2,105.56	0.06
Employee benefit plan expense	8,122.27	0.09	5,191.56	0.16
401-K plan expense	24,362.36	0.27	6,480.50	0.20
Insurance	29,053.04	0.32	6,563.08	0.20

For Management Purposes Only

SH 00129

PGB International LLC  
Income Statement  
For the Four Months Ending September 30, 2005

	Current Month		Year to Date	
Travel	2,839.12	0.03	0.00	0.00
Meals and entertainment	176.41	0.00	73.00	0.00
Telephone	9,661.84	0.11	3,301.77	0.10
E-mail server fees	1,812.87	0.02	256.78	0.01
Computer maintenance	1,871.01	0.02	391.25	0.01
Office rent	39,990.00	0.44	9,830.00	0.30
Utilities - office	3,948.47	0.04	1,841.50	0.06
Office equipment rent	7,099.02	0.08	3,070.73	0.09
Office expenses	5,816.76	0.06	1,243.14	0.04
Office cleaning	3,000.00	0.03	1,000.00	0.03
Payroll processing	2,306.84	0.03	791.62	0.02
Computer software	616.85	0.01	463.41	0.01
Dues and subscriptions	3,754.68	0.04	684.00	0.02
Automobile expenses	667.16	0.01	44.50	0.00
Automobile parking	1,184.50	0.01	478.50	0.01
Automobile leases	10,421.24	0.11	(691.00)	(0.02)
Courier services-samples	5,660.66	0.06	1,146.55	0.03
Courier services-office exp.	29.62	0.00	29.62	0.00
Bank service charges	9,023.60	0.10	2,645.14	0.08
Bank fees - wire transfers	106.92	0.00	15.00	0.00
Bank fees - collection items	1,788.45	0.02	178.45	0.01
Bank fees-incoming wire payment	370.25	0.00	163.75	0.00
Letter of credit fees	2,755.55	0.03	1,011.11	0.03
Finance charges	59,621.80	0.65	7,626.01	0.23
Legal fees	200.00	0.00	0.00	0.00
Legal fees - collections	1,000.00	0.01	0.00	0.00
Accounting fees	2,577.00	0.03	945.00	0.03
Miscellaneous	934.60	0.01	299.60	0.01
Total Expenses	821,753.83	8.99	214,204.33	6.50
Net Income	\$ 10,383.28	0.11	\$ 92,850.53	2.82

SH 00130

For Management Purposes Only

## EXHIBIT D



# SY HELDERMAN & COMPANY

Certified Public Accountants

Sy Helderman, CPA, MBA  
Alison C. Cogan, CPA

New Jersey Society of  
Certified Public Accountants  
American Institute of  
Certified Public Accountants

## Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Management of PGB International LLC:

We have performed the procedures enumerated below, which were agreed to by the management of PGB International LLC, solely to assist you in evaluating the accounting procedures for the quarter ended March 31, 2006. PGB International LLC's management is responsible for the accounting procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the quarter ended March 31, 2006, we performed the following procedures:

Discussed the general business transactions for the quarter with management.

Observed the PeachTree system for correct classification of transactions on a random sample basis.

Analyzed the bank reconciliation for the bank account as of March 31, 2006.

Traced a sample of purchase and sale transactions to source documents.

As a result of the procedures listed above, we find that the PeachTree accounting system at PGB International LLC accurately reflects the business transactions tested during the quarter ended March 31, 2006. In addition, we noted the following:

The bank reconciliations and all cash transactions are performed by one person. It is recommended that a second member of the company open the bank statements and review the transactions for reasonableness.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accounting procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of PGB International LLC, and is not intended to be and should not be used by anyone other than these specified parties.

Sy Helderman, CPA



June 19, 2006



S-CAP-10

SH 00701

printed 11/15/06

PGB International LLC  
Balance Sheet  
March 31, 2006

ASSETS

Current Assets		
Cash-JP Morgan Chase	\$ 19,147.85	A-3
Cash - Merrill Lynch	226.90	
Petty Cash	250.00	
Accounts receivable	929,471.35	
A/R-Mitsui North America	218,699.26	JC
Inventory - afloat	684,280.81	
Inventory - CGM Warehouse	397.52	
Inventory-Legends Warehouse	63,960.67	
Inventory - Cantrina	25,180.73	
Inventory - East Coast	7,721.51	
Inventory-Ashland Cold Store	29,339.59	
Prepaid insurance	26,546.79	
Prepaid expenses-other	173,520.89	
Claims receivable	33,306.90	
Duty refunds receivable	1,885.00	
Deferred expense-soup project	1,500.00	
Deferred expense-GJC project	13,282.26	
Exchanges	218,295.37	
Due to/from Ivory & Ledoux	3,273.74	
Due to/from PITTRA G.B.	503,391.65	
	<hr/>	
Total Current Assets		2,953,678.79
Property and Equipment		
Furniture and equipment	21,534.02	
	<hr/>	
Total Property and Equipment		21,534.02
Other Assets		
Goodwill	300,000.00	
	<hr/>	
Total Other Assets		300,000.00
Total Assets	\$	<u><u>3,275,212.81</u></u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts payable-expenses	\$ 421,005.93	BB
Line of Credit-JP Morgan Chase	3,000,000.00	
Payroll taxes payable	(0.41)	
401-K plan contributions due	10,283.20	
HSA plan withholding	2,363.15	
Customer advances	18,176.40	C
Loans from Arthur Kupperman	(173.48)	
	<hr/>	
Total Current Liabilities		3,451,654.79
Long-Term Liabilities		
	<hr/>	
Total Long-Term Liabilities		0.00

Unaudited - For Management Purposes Only

SH 00704

PGB International LLC  
Balance Sheet  
March 31, 2006

Total Liabilities		3,451,654.79
Capital		
Equity	100,000.00	
Retained earnings	(162,632.88)	
Net Income	(113,809.10)	
Total Capital		(176,441.98)
Total Liabilities & Capital	\$	3,275,212.81

**PGB International LLC**  
**Income Statement**  
**For the Ten Months Ending March 31, 2006**

	<b>Current Month</b>		<b>Year to Date</b>	
<b>Revenues</b>				
Sales	\$ 3,400,000.00	0.00	\$ 3,037.90	0.04
Sales - Juice Concentrates	1,714,355.75	71.30	6,360,839.05	77.43
Sales-Essences/Oils	19,366.20	0.81	50,092.28	0.61
Sales-Pulps/purees	68,488.47	2.85	284,475.41	3.46
Sales-Tomato paste	14,356.61	0.60	47,012.34	0.57
Sales-Pulp cells	0.00	0.00	24,852.20	0.30
Sales-Frozen fruit	229,268.84	9.53	506,287.99	6.16
Sales-Dried fruit	65,100.00	2.71	100,073.64	1.22
Sales-Frozen vegetables	293,621.91	12.21	838,431.57	10.21
<b>Total Revenues</b>	<b>2,404,557.78</b>	<b>100.00</b>	<b>8,215,102.38</b>	<b>100.00</b>
<b>Cost of Sales</b>				
Purchases	0.00	0.00	466,814.90	5.68
Cost of Sales-Juice Concentrat	1,509,415.43	62.77	5,146,066.55	62.64
Cost of Sales-Essences/oils	17,976.00	0.75	17,976.00	0.22
Cost of Sales-Pulps/Purees	50,911.38	2.12	184,900.99	2.25
Cost of sales-Tomato paste	8,863.61	0.37	27,908.21	0.34
Cost of Sales-Frozen Fruit	176,528.77	7.34	370,955.14	4.52
Cost of Sales-Dried fruit	52,500.00	2.18	52,500.00	0.64
Cost of Sales-Frozen Veget	185,194.83	7.70	582,276.45	7.09
Cost of sales-Frozen mushrooms	6,162.00	0.26	6,162.00	0.08
Purchase discounts	(2,595.64)	(0.11)	(10,433.08)	(0.13)
Vendor reject chargebacks	(7,938.87)	(0.33)	9,576.52	0.12
Ocean freight	79,756.71	3.32	204,368.96	2.49
Ocean freight handling charge	3,057.30	0.13	7,059.09	0.09
Demurrage	82.62	0.00	468.04	0.01
Duty	55,794.08	2.32	179,820.82	2.19
Customs clearance fees	8,342.19	0.35	28,847.31	0.35
Exam and entry fees	1,056.20	0.04	3,034.69	0.04
Trucking and delivery	50,041.18	2.08	207,847.63	2.53
Warehouse entry and storage	16,983.73	0.71	42,807.96	0.52
Pallets	342.50	0.01	1,164.54	0.01
Purchase agent commission	725.60	0.03	(20,536.00)	(0.25)
Insurance	12,591.01	0.52	22,927.70	0.28
Sales commissions	10,027.88	0.42	37,830.80	0.46
Courier services-doc delivery	1,166.27	0.05	3,389.93	0.04
<b>Total Cost of Sales</b>	<b>2,236,984.78</b>	<b>93.03</b>	<b>7,573,735.15</b>	<b>92.19</b>
<b>Gross Profit</b>	<b>167,573.00</b>	<b>6.97</b>	<b>641,367.23</b>	<b>7.81</b>
<b>Expenses</b>				
Salaries-Executives	107,250.00	4.46	287,250.00	3.50
Salaries - sales	18,720.00	0.78	64,620.00	0.79
Salaries-Office	13,325.00	0.55	45,000.00	0.55
Salaries-Traffic	13,000.00	0.54	44,750.00	0.54
Payroll tax expense-FICA	11,467.38	0.48	31,461.42	0.38
Payroll tax expense-SUI/DBI	4,048.45	0.17	4,324.54	0.05
Payroll tax expense-FUI	336.06	0.01	336.06	0.00
Group health coverage	3,928.85	0.16	11,990.77	0.15
Employee benefit plan expense	3,749.46	0.16	12,690.48	0.15
401-K plan expense	7,294.30	0.30	21,231.55	0.26
Insurance	2,235.27	0.09	16,533.16	0.20

For Management Purposes Only

SH 00706

PGB International LLC  
Income Statement  
For the Ten Months Ending March 31, 2006

	Current Month		Year to Date	
Travel	1,670.42	0.07	4,049.64	0.05
Meals and entertainment	145.00	0.01	218.00	0.00
Telephone	4,415.43	0.18	10,502.13	0.13
E-mail server fees	59.85	0.00	396.20	0.00
Computer maintenance	100.00	0.00	804.20	0.01
Office rent	11,310.00	0.47	32,450.00	0.40
Utilities - office	837.69	0.03	3,561.82	0.04
Office equipment rent	2,249.96	0.09	7,784.58	0.09
Office expenses	2,514.48	0.10	8,760.52	0.11
Office cleaning	750.00	0.03	2,500.00	0.03
Payroll processing	636.71	0.03	2,007.14	0.02
Computer software	408.82	0.02	1,322.00	0.02
Dues and subscriptions	1,872.00	0.08	3,406.00	0.04
Automobile expenses	(828.01)	(0.03)	410.14	0.00
Automobile parking	720.00	0.03	1,729.50	0.02
Automobile leases	1,188.00	0.05	2,081.00	0.03
Courier services-samples	1,340.33	0.06	3,748.14	0.05
Courier services-office exp.	351.80	0.01	403.92	0.00
Lab fees	0.00	0.00	30.00	0.00
Bank service charges	3,502.58	0.15	9,720.49	0.12
Bank fees - wire transfers	0.00	0.00	15.00	0.00
Bank fees - collection items	0.00	0.00	178.45	0.00
Bank fees-incoming wire payment	18.00	0.00	208.75	0.00
Letter of credit fees	0.00	0.00	1,011.11	0.01
Finance charges	61,927.58	2.58	109,897.02	1.34
Legal fees	0.00	0.00	250.00	0.00
Legal fees - collections	5,000.00	0.21	5,000.00	0.06
Accounting fees	0.00	0.00	1,643.00	0.02
Miscellaneous	0.00	0.00	899.60	0.01
Total Expenses	285,545.41	11.88	755,176.33	9.19
Net Income	\$ (117,972.41)	(4.91)	\$ (113,809.10)	(1.39)

**EXHIBIT B**  
**TO SECOND SUPPLEMENTAL**  
**DECLARATION OF JOHN M. AUGUST**

# **PGB International LLC**

## **Balance Sheet March 31, 2006**

### **Current assets:**

Cash	\$27,163
Accounts receivable	
Direct sales	8,983,484
Indirect sales	52,198
Other accounts receivable	178,206
Inventory	1,527,809
Prepaid expenses	<u>43,289</u>

Total current assets \$10,812,149

Equipment 51,324

Goodwill 500,000

Total assets \$11,363,473

### **Current liabilities:**

Credit line – JPMorgan Chase	\$3,000,000
Accounts payable	3,801,338
Accrued expenses	<u>367,206</u>

Total current liabilities \$7,168,544

### **Other liabilities:**

Subordinated loans 542,748

Total liabilities 7,711,292

### **Stockholder equity**

Capital stock	15,000
Additional paid in capital	2,739,185
Retained earnings	<u>897,996</u>

Total stockholder equity 3,652,181

Total liabilities and equity \$11,363,473

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**PGB International LLC**  
Statement of income  
For the six months ended March 31, 2006

Sales		\$31,199,557
Cost of sales		<u>29,299,612</u>
Gross profit		1,899,945
Commission income:		
Sales value	\$1,037,216	
Cost of sales	<u>983,167</u>	
Net commission income		<u>54,049</u>
Operating income		1,953,994
Selling, general, and administrative expenses		<u>1,356,207</u>
Income before provision for taxes		<u>\$597,787</u>